

AMENDED IN SENATE APRIL 25, 2006

AMENDED IN SENATE MARCH 27, 2006

SENATE BILL

No. 1675

Introduced by Senator Kehoe

February 24, 2006

An act to add Section 43836 to, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1675, as amended, Kehoe. Vehicular air pollution: biodiesel blend fuels.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Existing law permits, until January 1, 2008, any federal, state, or local agency to utilize a biodiesel blend fuel consisting of not more than 20% biodiesel in any retrofitted vehicular or off-road diesel engine certified by the state board, whether or not biodiesel is expressly identified as a fuel for use with the retrofit system, as provided. Existing law generally provides that a violation of any rule, regulation, or law relating to air pollution is a crime.

This bill would require, commencing January 1, 2008, all diesel fuel sold or offered for sale in the state for use in internal combustion engines to contain at least 2% biodiesel fuel, as defined, and, commencing January 1, 2010, all diesel fuel sold or offered for sale in the state for use in internal combustion engines to contain at least 5% biodiesel fuel. The bill would permit the state board to adopt

regulations to grant exemptions to those requirements *under specified circumstances* ~~if it finds that engine performance, engine emissions, fuel systems or emission control equipment, would be adversely affected by the standards.~~ The bill would also permit the State Energy Resources Conservation and Development Commission to temporarily suspend those requirements if fuel supplies are shown to be inadequate, as provided.

Because this bill would create new crimes by requiring all diesel fuel sold or offered for sale in the state to contain specified percentages of biodiesel fuel by a certain date, this bill would impose a state-mandated local program.

~~(2)~~ The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The United States Energy Information Administration
- 4 ranks California as second in petroleum consumption among the
- 5 fifty states.
- 6 (b) As the nation's leading consumer of petroleum for
- 7 transportation, California's increasing demand for petroleum and
- 8 rapidly growing consumption of gasoline and diesel fuel pose
- 9 substantial risks to the state's economy, security and
- 10 environment.
- 11 (c) Growing instability in global oil supplies and rapidly
- 12 increasing demand in China, India, and throughout the world are
- 13 likely to increase California's vulnerability to oil supply
- 14 disruptions and sudden price increases.
- 15 (d) California's current and projected levels of gasoline and
- 16 diesel demand far exceeds California's refinery capacity, which
- 17 results in limited competition and increased vulnerability to
- 18 market disruptions.

1 (e) Cost-effective alternative fuels and advanced technologies
2 are available today, such as biofuels and hybrid electric vehicles,
3 that can lessen economic instability caused by high fuel prices
4 and price spikes, while reducing risks to public health and
5 environmental degradation caused by increased consumption of
6 petroleum fuel.

7 (f) Biodiesel is a petroleum diesel substitute and is one such
8 alternative that is produced from domestic renewable sources and
9 is nontoxic, biodegradable, and cleaner burning than petroleum
10 diesel.

11 (g) Biodiesel contains no sulfur or aromatics associated with
12 air pollution, reduces toxic emissions, and reduces emissions of
13 greenhouse gases.

14 (h) It is in the public interest to establish a market for
15 alternative fuels. By requiring a growing percentage of our fuel
16 supply to be renewable biofuel that meets appropriate fuel quality
17 standards, California will be able to reduce its dependence on
18 imports of foreign oil, improve the health and quality of life for
19 Californians, and stimulate the creation of a new industry in
20 California that benefits our farmers and rural communities.

21 (i) In 2004, California fleets used about five million gallons of
22 biodiesel, and according to the California Energy Commission
23 and the California Environmental Protection Agency, biodiesel
24 blends as low as B2 (98 percent diesel and two percent biodiesel)
25 can play an important role in the introduction of cleaner
26 conventional diesel fuels and advanced diesel engines, reducing
27 diesel emissions, and reducing California's dependence on
28 petroleum.

29 (j) Today almost all vehicle and engine manufacture's accept
30 using blends up to B5 (95 percent diesel and 5 percent biodiesel)
31 with existing diesel engines, provided that the fuel complies with
32 American Society for Testing and Materials (ASTM)
33 specifications.

34 (k) With agricultural surpluses, commodity prices have
35 reached record lows. Implementing a California renewable diesel
36 standard would create new markets for California farm products.
37 Economic conditions are now favorable to utilize domestic
38 surpluses of bio based oil to enhance the state's energy security.

39 SEC. 2. Section 43836 is added to the Health and Safety
40 Code, to read:

1 43836. (a) Commencing January 1, 2008, all diesel fuel sold
2 or offered for sale in the state for use in internal combustion
3 engines, whether in a mobile or stationary source, shall contain at
4 least 2 percent biodiesel fuel.

5 (b) Commencing January 1, 2010, all diesel fuel sold or
6 offered for sale in the state for use in internal combustion
7 engines, whether in a mobile or stationary source, shall contain at
8 least 5 percent biodiesel fuel.

9 (c) By June 1, 2007, the Department of Food and Agriculture
10 shall submit a feasibility study to the Legislature that assesses the
11 potential of California to produce biodiesel feedstocks.

12 (d) The state board may adopt regulations to grant exemptions
13 to the requirements of subdivisions (a) and (b) if it finds ~~that~~
14 *either of the following:*

15 (1) *That engine performance, engine emissions, fuel systems,*
16 *or emission control equipment would be adversely affected by*
17 *the standards set forth by subdivisions (a) and (b).*

18 (2) *That the implementation of those subdivisions without the*
19 *exemptions would adversely affect the goals for alternative fuels*
20 *established pursuant to Article 6.5 (commencing with Section*
21 *43865).*

22 (e) The State Energy Resources Conservation and
23 Development Commission may temporarily suspend the
24 requirements of subdivisions (a) and (b) by regulation if biodiesel
25 fuel supplies are shown to be inadequate, as determined by the
26 commission.

27 (f) For purposes of this section, “biodiesel” means a fuel
28 comprised of mono-alkyl esters of long chain fatty acids derived
29 from renewable resources including, but not limited to, vegetable
30 oils, waste grease, or animal fats, and meeting the requirements
31 of the American Society for Testing and Materials (ASTM)
32 D-6751.

33 (g) This section shall be known, and may be cited, as the
34 California Renewable Diesel Standards Act.

35 ~~SEC. 2.~~

36 *SEC. 3.* No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the

1 penalty for a crime or infraction, within the meaning of Section
2 17556 of the Government Code, or changes the definition of a
3 crime within the meaning of Section 6 of Article XIII B of the
4 California Constitution.

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